

Department of Public Health
and Human Services

FOOD STAMP PROGRAM

Section:

ELIGIBILITY & BENEFIT
DETERMINATION

Subject:

Deductions (Earned, Standard,
Dependent Care and Child Support)

Supersedes: FS 602-2 Pages 1-2 (10/01/06), Pages 3-5 (10/01/05)

References: 7 CFR 273.9(d)(1) through (6); 7 CFR 273.10(d)

GENERAL RULE -- The following deductions are detailed in this manual section:

1. Earned income deduction;
2. Standard deduction;
3. Dependent care deduction; and,
4. Child support deduction.

The dependent care and child support expenses must be anticipated to be incurred by the household or one of its members. The household's expenses are based on the expense amount the household expects to be billed. Anticipating the expense is based on the most recent month's bills unless the household is reasonably certain a change will occur. The household may choose to have fluctuating expenses averaged. The household may also choose to average expenses billed less often than monthly over the period the expenses are intended to cover. Expenses that are billed or otherwise become due weekly or bi-weekly are factored (FS 601-1) (e.g., dependent care or child support expenses). These deductions are allowed until the next recertification or until a change is reported or discovered and is acted on by the OPA Case Manager according to the household's reporting requirements (FS 1501-3 and 1501-4).

EARNED INCOME DEDUCTION

A deduction equal to 20% of the total gross earned income is allowed for each household. This deduction covers work expenses and mandatory wage deductions. The deduction is not allowed for excluded earned income.

LOSS OF EARNED INCOME DISREGARD

The earned income deduction is not allowed when:

1. Determining an over issuance due to the household (intentionally or inadvertently) not reporting earned income timely according to its reporting requirements. Only the amount of earned income that is not reported timely according to the household's reporting

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requirements is subject to the loss of the disregard. The OPA Case Manager enters the amount on EAIN and/or SEII screens; **code 'LF' if the over issuance is for food stamp benefits only, or code 'LB' if the loss of disregards also applies to TANF.**

2. Income is received from another state's work supplement or support program. The earned income deduction is not allowed for any portion of income earned under a work supplement or support program attributable to public assistance. (Montana currently does not have a work supplement or support program.)

►STANDARD DEDUCTION

The standard deduction for a household size of six or more is **\$191**; the standard deduction for a household size five is **\$167**; the standard deduction for a household size of 4 is **\$143**; and, the standard deduction for a household size of 3 or less is **\$134**.

Ineligible or disqualified members are not used to determine the household size for purposes of the standard deduction.

TEAMS calculates the correct standard deduction for each household.

DEPENDENT CARE DEDUCTION

The dependent care deduction is allowed for each dependent that is included in the same filing unit as the individual billed for the care.

NOTE: If the expense also qualifies as a medical expense deduction for the elderly or disabled, it must be used as a medical expense instead of as a dependent care expense (e.g., home health care for an elderly or disabled household member is a medical expense deduction and cannot be used as a dependent care deduction).

Dependent care costs are allowed when it is necessary for a household member to:

1. Accept or continue employment;
2. Seek employment;
3. Attend training or schooling preparatory to employment; or,
4. Comply with employment and training requirements (FS 700).
 - a. Reasonable costs to transport a dependent to or from care is an allowable dependent care expense, and,

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- b. All Family Investment Agreement (FIA) activities for TANF or Individual Family Plan activities for Tribal TANF are considered employment and training activities. Childcare co-payments for all FIA or IFP activities are an allowable deduction.

Allow dependent care costs ONLY if the following are met:

1. Someone outside the food stamp household filing unit provides this service; and,

NOTE: The individual can be living in the same residence but not be required in the food stamp filing unit.

2. The household is obligated to pay for this service;

NOTE: When a portion of the dependent care expense is reimbursed or paid for by another publicly funded entity or other third party, only the amount of the childcare expense in excess of these payments is allowable as the deduction.

The dependent care deduction cannot exceed \$200.00 per month for each child under age two or \$175.00 per month for each dependent age two or older. The OPA Case Manager enters the total amount of the dependent care expense that the household expects to be billed (e.g., averaged, factored, etc.). TEAMS allows the correct deduction amount and applies the \$175 limit the month after the child turns two years old.

The OPA Case Manager enters the dependent care expense against each dependent receiving the care on EXPE using:

1. **'DF'** code for a deduction for food stamps only; or,
2. **'DC'** code for a deduction for all programs.

CHILD SUPPORT DEDUCTION

Members of a household making legally obligated child support payments TO an individual living outside of the food stamp household FOR a child living in or out of the food stamp household are allowed an expense for the amount of the child support payments paid. The expense is allowed

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regardless of whether the payment is for the current period or is for arrearage.

The OPA Case Manager enters the child support expense on EXPE against the adult obligated and paying the support; code 'CH'.

EXCEPTION: If the payment is sent to someone outside the home who returns the payment to a member of the food stamp household, the child support deduction is not allowed.

Example: Dad is legally obligated to pay child support and is paying \$75.00 per month 12 months out of the year. The child actually lives with him for two of the 12 months and is part of his food stamp household for these two months. Dad is legally obligated and is paying the \$75.00 TO someone outside the food stamp household; it is an allowable expense.

If mom sends the \$75.00 to the child in Dad's home every month, the deduction is not allowed nor is the child support received counted as income.

Legally obligated means the household has a legal obligation to pay the support (e.g., court order, administrative order, legally enforceable separation agreement, etc.). The legally obligated child support amount must be verified but cannot be used as verification of the actual child support payment. The actual child support paid must also be verified.

Legally obligated payments made to a third party on behalf of the non-household member are also allowed as a deduction. The payment must be a legal obligation and verification of the order and the amount must be obtained. Examples of third party payments are rent payments paid to a landlord, payments of health insurance premiums, etc.

BUDGETING CHILD SUPPORT EXPENSE

The OPA Case Manager must review and evaluate the payment history of the household member with the expense to determine the prospectively budgeted amount.

If the individual has paid several monthly payments, an average of the past months' payments can be used to prospectively budget if anticipated to be the same for the prospective period.

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If the individual does not have a stable payment history, the prospected amount is based on the amount the individual anticipates paying until a stable history can be determined.

If payments are paid by garnishment of wages and the individual is paid weekly or bi-weekly, the deduction amount can be determined by using the factoring method. Likewise, if the garnishment is from wages paid monthly and there is no payment history, the deduction amount can be determined by using the 13-week method.

If the household pays a legally obligated child support payment in advance, the child support expense could be averaged over the period it is intended to cover if the household chooses this method of budgeting.

Child support taken from tax intercepts is not allowed as a deduction.

The OPA Case Manager must document in case notes the budgeting method used to determine the child support expense including the dates, amounts, and if necessary an explanation how the expense was determined.